

March 17, 2004

BANGOR HYDRO-ELECTRIC COMPANY
Annual Price Change Pursuant to BHE
Alternative Rate Plan (ARP)

NOTICE OF PROCEEDING

I. DESCRIPTION OF PROCEEDING

On March 15, 2004, Bangor Hydro-Electric Company (BHE or Company) submitted its annual filing pursuant to the Alternative Rate Plan (ARP) approved by the Commission in *Bangor Hydro-Electric Company, Request for Approval of Alternative Rate Plan*, Docket No. 2001-410, Order Approving Stipulation (June 11, 2002). As part of its filing, BHE proposes to decrease core distribution rates by 1.66% comprised of the ARP Basic Rate Reduction of 2.75% offset by an increase of 1.07% for costs which the Company alleges qualify as mandated costs under the ARP as well as an increase of 0.02% related to last year's price change applied to DSM costs pursuant to the ARP's Basic Rate Reduction provisions. The rate decrease is applied to all rate components with two exceptions: for classes with seasonally differentiated rates, the total amount of the decrease is applied to winter rates; and the Residential Low Income Tail Block rates were calculated to maintain the same dollar discount as was the case prior to the rate change. According to BHE, Service Quality Index penalties do not apply this year.

II. INTERVENTION

Interested persons who wish to participate in this matter as parties should file a petition to intervene in accordance with Section 722 of the Commission's Rules of Practice and Procedure, no later than **March 24, 2004**. Objections to petitions to intervene will be considered at the initial case conference scheduled below.

III. CASE CONFERENCE

An initial case conference on this matter has been scheduled for March 25, 2004 at 1:30 p.m. in the Commission's Hearing Room. The following matters will be considered at such time.

- 1) Petitions to intervene;
- 2) Consolidation of Docket Nos. 2004-33 and 2004-166 with this proceeding;
- 3) Identification of likely issues in the case;
- 4) Development of a schedule for timely disposition of the case.

IV. SERVICE OF NOTICE

A copy of this notice shall be sent to the service list in Docket Nos. 2001-410 and 2003-203.

Dated at Augusta, Maine, this 17th day of March, 2004.

BY ORDER OF THE HEARING EXAMINER

Charles Cohen